

Message Text

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ACTION OPIC-12

INFO OCT-01 NEA-10 ADP-00 EB-11 AID-20 L-03 TRSE-00 FS-01

INR-10 CIAE-00 NSAE-00 /068 W
----- 125993

R 191100 Z JUN 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 0090

INFO AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

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PASS OPIC AND TREASURY

E. O. 11652: N/ A

TAGS: BGEN OFIN EFIN EAID BG PK

SUBJ: INTERCONTINENTAL HOTELS REPAYMENT OF COOLEY LOAN 391- E-075

REF: (A) STATE 117671; (B) DACCA 2641; (C) DACCA 2076; (D) STATE 0766
RO

SUMMARY: INTERCONTINENTAL HOTELS CORPORATION (IHC) HAS DEPOSITED
IN USDO ACCOUNT AT DACCA OFFICE AMERICAN EXPRESS COMPANY SUM OF
TKS 1,850,000 AS PARTIAL PAYMENT OF MONIES IT OWES ON SUBJECT
LOAN. IHC WILL CONTACT OPIC TO ASCERTAIN WHETHER IHC CAN PAY
BALANCE DUE, PLUS OUTSTANDING INTEREST, IN PAK RUPEES VIA AMCONSUL
KARACHI. IF NOT, WILL UTILIZE REMITTABLE TAKAS IT CAN OBTAIN BY
FOREGOING HARD CURRENCY EARNINGS. USDO PLANS UTILIZE DEPOSITED
TAKAS AT PREVAILING BANK RATES OF EXCHANGE UNLESS TREASURY DIRECTS
OTHERWISE. ACTION REQUESTED: PLEASE ADVISE ON REPAYMENT OF
BALANCE IHC OWES AND ON USE OF TAKAS NOW ON DEPOSIT
WITH USDO.
END SUMMARY.

1. GARCIA- MANCILLA, FINANCE DIRECTOR, IHC/ NEW YORK, AND MR. TEUFL,
MANAGER, HOTEL INTERCONTINENTAL/ DACCA, CALLED AT EMBASSY JUNE 19.
AND STATED THAT JOINT SECRETARY OF MINISTRY OF COMMERCE, ACTING ON
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BEHALF OF BDG, HAD ON PREVIOUS EVENING ENDORSED 5- YEAR CONTRACT FOR
MANAGING DACCA INTERCON. SAID COMMERCE MINISTRY THEREBY MADE ITSELF PART OF AGREEMENT BETWEEN IHC AND BANGLADESH SERVICES LTD. (BSL), A GOVERNMENT CORPORATION RUNNING THAT HOTEL. MANAGEMENT CONTRACT AUTHORIZES REMITTABLE FEES AND PROVIDES FOR REPURCHASE (FOR US DOLLARS 321,000 PAYABLE IN NEW YORK) OF IHC'S EXISTING INVETSMENT (16.8 PERCENT OF INITIALLY ISSUED CAPITAL OF BSL, I. E., TKS 12,930,000, ACCORDING GARCIA). ALSO SAID MINISTRY HAS FURTHER AUTHORIZED IHC, IN SEPARATE DOCUMENT, TO USE ITS EXISTING REMITTABLE TAKAS, EARNED BETWEEN DECEMBER 16, 1971 AND APRIL 30, 1973 TO REPAY IN BANGLADESH, ANY LOANS REPAYABLE BY IHC TO ANY AGENCY.

2. GARCIA STATED THAT IHC COULD PAY IMMEDIATELY TAKAS 1,850,000 TO USDO ACCOUNT AS PART PAYMENT OF MONIES OWED TO USG. EXPLAINED THAT IHC NOT NOW PAYING ENTIRE AMOUNT CLAIMED DUE, TAKAS 2,075,249 (REF A), BECAUSE TO DO SO WOULD REQUIRE THAT IHC ASK FOR ADVANCE IN TAKAS PAYABLE TO IT UNDER NEW CONTRACT. IHC, HE SAID, WOULD THUS FOREGO RIGHT TO CONVERT THOSE TAKAS INTO DOLLAR REMITTANCES. GARCIA ALSO INDICATED THAT SOME QUESTION REMAINS IN HIS MIND ABOUT FORMULA WHEREBY ORIGINAL PAK RUPEE DEBT CONVERTED TO DOLLARS AND THEN TO TAKAS. ADDED THAT IHC WILL CONTACT OPIC TO ASCERTAIN WHETHER IHC CAN PAY OUTSTANDING BALANCE, PLUS INTEREST, IN PAK RUPEES VIA AMCONSUL KARACHI . OTHERWISE, WILL USE REMITTABLE TAKAS (TO BE OBTAINED UNDER CONTRACT) TO PAY MONIES OWED IN DACCA.

3. GARCIA DEPOSITED TAKAS 1,850,000 TO USDO ACCOUNT AT AMERICAN EXPRESS COMPANY (AMEXCO) DACCA JUNE 19 AND EMBASSY ISSUED HIM RECEIPT SAYING PARTIAL PAYMENT RECEIVED ON SUBJECT LOAN. EMBASSY HAS INFORMED FINLAY MOODIE, AMEXCO MANAGER, ABOUT BACKGROUND THIS PARTIAL PAYMENT.

4. USDO PLANS DISBURSE DEPOSITED TAKAS AT BANK RATES PREVAILING AT TIME OF UTILIZATION PROVIDED TREASURY HAS NO OBJECTION.
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*** Current Classification *** LIMITED OFFICIAL USE

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KARACHI
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